

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS DAVID WILLIAMS
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES
(NPMHU/USPS-T1-1 THROUGH 8(a) AND 9 THROUGH 12)**

The United States Postal Service hereby files the responses of witness David Williams to the above-listed interrogatories of the National Postal Mail Handlers Union dated January 12, 2012. Each interrogatory is stated verbatim and followed by the response. Responses to NPMHU/USPS-T1-8(b&c) are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-T1-1

Please explain how the proposed change in service standards would be applied, if the Postal Service also moves to a five day delivery schedule. For instance, on what day would mail entered on a Friday (day zero) with a two day service standard be delivered?

RESPONSE

Please see the responses to interrogatories DBP/USPS-1 and 2, as well as the response to Question 1 of Presiding Officer's Information Request No. 3.

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NPMHU/USPS-T1-2

Please confirm that critical acceptance times (e.g., blue box drop off times) may be moved up in locations where a facility is closed, in order for mail to be moved longer distances to the gaining processing facility.

RESPONSE

The Postal Service has proposed extending its cancellation and outgoing operations to midnight and 12:30 am respectively (see USPS-T-3 at 35) which will allow for the processing of this mail volume from extended distances. The Postal Service does not anticipate widespread changes and currently has no estimates.

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NPMHU/USPS-T1-3

If the response to NPMHU/USPS-T1-2 is confirmed, please state whether the Postal Service has made any projections of how many critical acceptance times will need to be changed, or by how much. If any projections have been made, please provide those projections.

RESPONSE

See the response to NPMHU/USPS-T1-2. The Postal Service has not made any projections.

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NPMHU/USPS-T1-4

On page 7 of the Request for Approval, the Postal Service states that the “for competitive products such as Express Mail and Priority Mail. . . , network changes being planned could result in changes in expected delivery days between specific 3-digit ZIP Code origin/destination pairs.” Please provide all information related to the possibility of such changes, including any estimates by the Postal Services of the likelihood of such changes overall, or for specific ZIP Code pairs.

RESPONSE

Please see the responses to interrogatories APWU/USPS-T4-3 and T4-4.

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NPMHU/USPS-T1-5

On page 3 of witness Bradley's testimony, he states that he did not consider transition or implementation costs in his estimates.

- a. Please state whether the Postal Service has included these costs anywhere in its estimates of savings, and, if so, please cite to the record where this may be found.
- b. If the Postal Service has not included these costs in its estimates of savings, please state whether the Postal Service has made any calculations of transition and implementation costs associated with its proposal.
- c. If the answer to (b) is yes, please provide those calculations.

RESPONSE

- a. As stated by witness Bradley, transition and implementation costs were not included.
- b. The Postal Service has not yet concluded its estimation of these savings.
- c. N/A

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NPMHU/USPS-T1-6

Please compare the scope of the prior round of AMP studies and consolidations (*i.e.*, those associated with the 2008 network redesign initiative and occurring prior to the filing in this docket) with the scope of the consolidations proposed in the current docket, including in your answer the number of facilities affected, the total number of facility closures, the percentage of mail volume affected, and the number of career postal employees affected.

RESPONSE

The consolidations that occurred, the amount of mail volume and the number of employees affected as part of the 2008 network redesign can be derived by review of the AMP packages being provided in USPS Library Reference N2012-1/54. An estimate of the overall percentage of mail volume affected based on those consolidations based on Fiscal Year 2007 workload represented approximately 7 percent of total workload. Note that FY 2007 was utilized as a baseline since that period that would have all of these facilities full annual workload included.

The consolidations proposed in the current docket are more substantial, as I explain at page 10 of USPS-T-1. This mail processing network rationalization may directly or indirectly affect every employee in the mail processing network. The operations are being significantly transformed, as described by witnesses Neri (USPS-T-4) and Rosenberg (USPS-T-3). Employees will be moved between tours, as well as between facilities. For those sites that were announced, their workload represents approximately 35 percent of total workload. See the response to PR/USPS-T8-1 for the estimated number of career postal employees affected. See USPS Library Reference N2012-1/6 for the list of facilities under evaluation as part of this docket.

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NPMHU/USPS-T1-7

Please describe, and providing any supporting documentation for, any problems, or reports of problems, associated with previous consolidations of which the Postal Service is aware, including but not limited to traffic problems surrounding the Baltimore facility (see, e.g., <http://www.wbaltv.com/r/29985356/detail.html>), and traffic problems surrounding the Memphis facility (see, e.g., <http://www.wmctv.com/story/16347301/trucks-stuck-for-hours-waiting-to-unload-christmas-mail>).

RESPONSE

Due to the increase in mail volume during the holiday mailing season, and with the addition of the Frederick AMP, mail processing at the Baltimore Processing and Distribution Center experienced some delays in processing in December. With the increase in volumes, the first-in, first-out (FIFO) mail processing standard was apparently temporarily misaligned. Although Frederick volume came in to the Baltimore plant beginning in early October 2011, Frederick staff reassigned to Baltimore, for the most part, did not arrive there until the middle of November. With the holiday mailing season over, the FIFO system in Baltimore is back in synch. Additional procedures and resources will be put in place for next year's holiday mailing season to ensure these delays are not experienced again.

Moving forward, the Postal Service intends to schedule the implementation of AMP consolidations so as to minimize potential adverse consequences of making major adjustments in the middle of the holiday rush.

Every year, the Postal Service anticipates mail volume surge in its transportation network during the December holiday mailing period. Transportation requirements are

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RESPONSE to NPMHU/USPS-T1-7 (continued)

evaluated to increase capacity on the ground transportation network to accommodate volume that is received from customers, mailers and planned diversion of mail volume from air transportation. The surface transportation network increases the number of trips that operates between network processing centers, surface transfer centers, airports and delivery units.

Between December 16-18, 2011, there was significant traffic congestion experienced at the Memphis TN Surface Transfer Center. The backlog of trucks waiting to deliver and receive mail was caused by scheduling too many trips into this facility during a narrow window. The volume of mail planned and directed through the Memphis Surface Transfer Center for sortation and transfer simply exceeded the facility's capacity limit; therefore, the facility could not handle the approximate 9 percent increase in additional trips. On December 19, the situation was mitigated by redirecting trips into other cross-dock terminals in the network. This solution relieved the traffic congestion situation by December 20.

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NPMHU/USPS-T1-8

Please describe and provide any supporting documentation for:

- (a) any remedial steps taken by the Postal Service to address any problems or reports of problems referenced in response to Interrogatory NPMHU/USPS-T1-7;
- (b) what steps the Postal Service has taken to anticipate and avoid problems associated with the consolidation of large processing facilities and the attendant substantial increase of incoming and outgoing mail into the remaining facilities; and
- (c) whether those steps are different from the steps taken in the pre-docket consolidations and, if so, how.

RESPONSE

- a. See the response to NPMHU/USPS-T1-7.
- b-c [Responses forthcoming].

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NPMHU/USPS-T1-9

For each AMP study that has been noticed but not yet approved or withdrawn, please state:

- a) when the public hearing for this study will occur (if it has not yet occurred);
- b) whether the study is currently under review before the applicable Area Vice President;
- c) whether the study is currently under review by the Senior Vice President of Operations; and
- d) when you anticipate releasing the results of the study.

RESPONSE

- a. All public input meetings have occurred.
- b-c. All AMP decision packages are at various levels of review and the status of numerous such packages is expected to change from day to day. As of the time of the date of this response (January 25, 2012), it would be fair to say that virtually all packages are moving toward a decision. It would seem to serve no purpose relevant to the Commission's issuance of an advisory opinion to provide a stream of status reports regarding advances in the completion of the numerous administrative review tasks associated with each proposal currently in the pipeline as each moves in the direction of my In Box.
- d. As soon as the study is complete and appropriate employee union and association communication is finalized, decisions will be made public.

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NPMHU/USPS-T1-10

What criteria, if any, has the Postal Service applied in deciding upon the timing and priority of review for the two hundred and fifty-two AMP studies associated with this docket (*i.e.*, those listed in Library Reference 6 of your testimony)? For example, has the relative timing of the public hearings of these AMP studies been based on the size of the facilities involved, the complexity of the potential consolidation, some assessment of the relative feasibility of the consolidation, or any other factor or combination of factors? On what basis has the Senior Vice President of Operations determined the order in which these studies will be reviewed and potentially approved?

RESPONSE

The only prioritization of review has been based on an attempt to balance workload across the areas. The Postal Service randomly assigned studies to groups which were provided to the areas for the process. The relative timing of the public hearings has been based on the availability of venue to hold the meeting, as well as the completion of the preliminary data analysis required to hold such hearings. Since the most recent restructuring of postal management, the Senior Vice President of Operations position no longer exists, and the Vice President of Network Operations reviews and has the final approval of packages. The order in which proposals will be reviewed and potentially approved will be based roughly on the order in which public comment periods expire and final pre-decisional analysis is completed.

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NPMHU/USPS-T1-11

Please confirm that the Postal Service does not issue a final AMP study where the decision is made that the proposed consolidation is infeasible, not cost effective or otherwise not in the best interests of the Postal Service. If not confirmed, please explain the circumstances under which the Postal Service will release such an AMP study rather than withdrawing the study or holding it in abeyance.

RESPONSE

Please see USPS Library Reference N2012-1/12, Templates IV through VI of the AMP Communications Plan, which reflect that the Postal Service has policies requiring public announcement of a decision not to implement a proposed AMP consolidation. The decision to discontinue pursuit of a proposal could result from a review of limited data and may not involve the production of a completed or final AMP study. A pre-decisional AMP analysis (whether 1 or 99 percent complete) could be held in abeyance while a relevant operational or policy issue gets resolved. The analysis can then be resumed unless and until a subsequent decision is made not to move forward.

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NPMHU/WILLIAMS-12

On page 8 of the Postal Service's January 9, 2012 Statement, the Postal Service commits to file in this docket copies of AMP decisions "expeditiously" after those decisions have been made and collective bargaining agreement notice obligations are fulfilled. Does the Postal Service intend:

- a. to fulfill its obligations notices under the collective bargaining agreements and file docket copies of these studies in the same order that the AMP decisions are made? If not, please specify the criteria that will establish the order in which these decisions will be announced and filed;
- b. to file with the Commission copies of the papers associated with those AMP studies that are withdrawn or cancelled due to a determination that the proposed consolidation is infeasible, not cost-effective or otherwise not in the best interest of the Postal Service?

RESPONSE

- a. I am informed that the Postal Service intends to fulfill its obligations under its collective bargaining agreements as it understands them.
- b. Yes.